

Message Text

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TO USMISSION EC BRUSSELS PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY BRUSSELS PRIORITY

AMEMBASSY COPENHAGEN PRIORITY

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AMEMBASSY MONTEVIDEO PRIORITY

AMEMBASSY BRASILIA PRIORITY

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LIMDIS

E.O. 11652: N/A

TAGS: ETRD, GATT, US

SUBJECT: STATUS REPORT ON XXIV:6 NEGOTIATIONS

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MONTEVIDEO, BRASILIA PASS AMB. EBERLE

1. THE COMMISSION WILL MEET AT COMMISSIONER LEVEL ON WEDNESDAY APRIL 24 TO DEVISE A PACKAGE PROPOSAL TO BE PRESENTED TO THE PERM REPS ON APRIL 25. PREVIOUSLY, HIJZEN MADE SOME SUGGESTIONS TO THE 113 COMMITTEE IN PARIS MONDAY APRIL 22. THESE PROPOSALS HAD BEEN MADE KNOWN TO MALMGREN FRIDAY APRIL 19, AT WHICH TIME WE STATED FLATLY THAT (1) WE COULD NOT ACCEPT THE HIJZEN PACKAGE AND (2) WE COULD NOT IMPLICITLY LIVE WITH IT. (I.E. NEITHER FORMALLY ACCEPT IT NOR MOVE TOWARD WITHDRAWAL), DESPITE ANY STRONG POLITICAL PRESSURES BROUGHT ON US TO TACITLY ACCEPT PACKAGE. MALMGREN ASKED HIJZEN TO GO FURTHER, OR TO TELL MEMBER STATES AT 113 COMMITTEE OUR ATTITUDE ON HIS PROPOSALS.

2. AFTER APRIL 1-2 EC COUNCIL MEETING, SOAMES HAD INDICATED TO US HIS INTENTION TO WRAP UP A PACKAGE, USING THE 113 COMMITTEE, BEFORE EASTER ON THE BASIS OF A COMMISSION PROPOSAL. MALMGREN THEN MET WITH HIJZEN, WELLENSTEIN, RABOT AND OTHERS IN NEW YORK ON APRIL 8-9, BUT FAILED TO CLOSE THE GAP ON THE PACKAGE OF PRODUCT CONCESSIONS SIGNIFICANTLY. ON A TENTATIVE BASIS, HOWEVER, A FORMULA FOR A CEREALS ROLL-OVER WAS WORKED OUT. SINCE THEN, STR-COMMISSION PHONE

CONTACTS HAVE BEEN MAINTAINED DAILY, CULMINATING IN HIJZEN-MALMGREN TELECON REFERRED TO IN PARA. 1 AND SOAMES-EBERLE TELECON FRIDAY, APRIL 19.

3. COMMISSIONERS PROPOSAL OF APRIL 24 MAY WELL FALL SHORT OF MINIMUM U.S. CAN LIVE WITH. IN THIS CASE WE WILL MAKE OUR REJECTION KNOWN IMMEDIATELY SO THAT PERM REPS WILL NOT BE MISLED. COMMISSION REPS HAVE SO FAR TAKEN VERY CONSERVATIVE POSITIONS APPARENTLY SHORT OF THE LIMITS OF KEY MEMBER STATE POSITIONS. WE HAVE EXPRESSED OUR DISCOURAGEMENT THAT COMMISSION DOES NOT SEEM WILLING TO GET OUT IN FRONT, SO THAT MEMBER STATES ARE FORCED TO PLAY OUT THEIR ULTIMATE POSITIONS. STR'S READING IS THAT BELGIUM HAD PROBLEM ON DUMPERS AND FILM. WE WORKED OUT NEW EX-OUT ON FILM WHICH SATISFIES BELGIAN CONCERN, BUT BELGIUM STILL REFUSES TO MOVE ON DUMPERS. WE BELIEVE BELGIANS MUST MAKE CONFIDENTIAL

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SOME SACRIFICE, AND IF ISOLATED THEY WILL DO SO. FRENCH DO NOT APPEAR TO HAVE MAJOR PROBLEMS, AND SEEM WILLING CURRENTLY TO HELP FIND A SATISFACTORY, AGREED SOLUTION. THEY SEEM ABLE TO GO BEYOND COMMISSION ON ORANGES, ALTHOUGH NOT FULLY TO OUR POSITION IN MARCH 25 LETTER, AND THEY HAVE SOME RESIDUAL PROBLEM IN KRAFT ALTHOUGH THE STRENGTH OF FEELING ON THIS IS OBSCURE. ALL OTHERS HAVE MOVED OR ARE PREPARED TO THROW IN MORE. THUS, KEY TO SETTLEMENT RE-

MAINS THE ITALIAN POSITION.

4. STR AND DEPARTMENT AGREE WITH AMBASSADOR VOLPE'S JUDGMENT THAT FURTHER EFFORTS BY HIM IN ROME WILL NOT BE USEFUL, UNTIL BRUSSELS MAKES FURTHER PROGRESS.

5. WE BELIEVE A VERY POSITIVE PROPOSAL BY THE COMMISSION OUT IN FRONT OF MEMBER STATES IS NOW NECESSARY TO DRAW OUT THE MEMBER STATE POSITIONS, BUT DO NOT KNOW WHETHER COMMISSION WANTS TO FOLLOW THIS TACTIC. IF PROPOSAL TO PERM REPS IS INADEQUATE WE MAY NEED TO CONTINUE TALKING AFTER THE PERM REPS MEETING APRIL 25.

6. FOR THOSE MEMBER STATES WILLING TO HELP, IT WOULD BE USEFUL TO HAVE THEM URGE COMMISSION TO TAKE AN OUT-IN-FRONT POSITION. EMBASSIES MAY USE DISCRETION IN ENCOURAGING THIS. KISSINGER

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